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STATE FOR: USAID (ROBIN BRINKLEY, SARAH-ANN LYNCH, CARL DERRICK,
TULLY CORNICK) AND F (ERNESTO URIBE AND CHARLES NORTH)

E.O. 12958: N/A

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SUBJECT: Open Channels: GOE Seeks USG Assistance in Key Sector
Reforms

Ref: Quito 2237

¶1. (SBU) Summary. The USG and GOE are successfully working together on policy reform in areas of mutual interest. The GOE has sought or accepted technical assistance from USAID in competition policy, investment, finance, decentralization, environment, and on other issues. End summary.

¶2. (U) The GOE is planning to pursue comprehensive reform across the public sector, with changes at the constitutional and legislative levels (reftel and previous). It intends to submit draft reform proposals to the Constituent Assembly, which was inaugurated on November 29 and will have up to six months to draft a new constitution. Having suspended the Congress for the duration of its mandate, the Assembly is concurrently serving as Ecuador's legislative body. In this context, several agencies have sought USAID assistance to review legislative changes that they are drafting.

Competition Policy and Competitiveness

¶3. (SBU) Veronica Sion, head of the GOE's competitiveness commission, requested funding from USAID for an international consultant to review the draft competition law (akin to U.S. anti-trust law) prepared under the commission's auspices. USAID has agreed to fund this request to help establish much needed anti-monopoly laws in Ecuador.

Investment Attraction

¶4. (SBU) In another instance, USAID met with Coordinating Minister for Production Mauricio Davalos to discuss adding an investment attraction strategy to the USAID competitiveness program. The Minister expressed support for the proposal to have the regional development committee (Ecuadorian Committee for Economic Territorial Development) serve as a conduit between international investors and municipal governments and local businesses. Davalos mentioned that this strategy falls in line with the GOE's internal investment and productivity goals, particularly with respect to SMEs and more rural areas. Davalos was replaced over the weekend by Susana Cabeza de Vaca (septel), the former Executive Director of the USG Fulbright Commission. USAID expects shortly to reconfirm with Cabeza de Vaca the GOE's continued interest. Future meetings with high-level GOE officials are planned to explore how the GOE and USAID can jointly support a new investment strategy.

Financial Sector

¶5. (SBU) USAID sponsored a trip for Central Bank officials to visit the U.S. Federal Deposit Insurance Corporation (FDIC) and the Salvadorian Institute of Deposit Insurance in an effort to better understand successful deposit insurance systems, which is currently lacking in Ecuador. Before proceeding with the trip, the Central Bank sought and received President Correa's blessing for this trip. The two Central Bank participants, Mauricio Martinez and Victor Campoverde, were subsequently appointed General Manager and Deputy Manager of the Central Bank by the Central Bank board. Since that time, the Central Bank, again with the support of President Correa, has requested technical assistance from USAID to help form financial sector reform policy and review legislation that would merge the Central Bank and Superintendency of Banks. The IDB is also supporting this work. The Mission supports creation of an efficient and independent regulatory body.

Training for People with Disabilities

¶6. (U) USAID and the Office of the Vice-President of Ecuador partnered with the private sector to finance and implement a pilot program that will teach computer skills to 270 people with disabilities nationwide. This training will make them more competitive and improve their chances of securing better-paying jobs. It will also support compliance with Ecuadorian law that requires private firms to employ at least one person with disabilities per 100 employees.

Justice Reform

¶7. (U) The Justice Network NGO, a USAID-supported civil society group, drafted a set of key justice sector reforms to be added to the new constitution. Elected Constituent Assembly members from Alianza Pais, President Correa's political movement, participated in dissemination events and committed to promote the Network's reform proposals in the Assembly.

Decentralization

¶8. (U) Through its Local Governance program, USAID provided assistance to the GOE's Planning and Development Secretariat, SENPLADES, by supporting a symposium which brought together experts from Latin America and the U.S. to discuss decentralization and regionalization experiences in the hemisphere. Another co-sponsor of the symposium was the Latin American Center for Social Sciences (FLACSO). Members-elect of the Constituent Assembly, academicians and the press were invited.

Environment Sector

¶9. (SBU) USAID is also discussing technical assistance in preparing a constitutional proposal and implementing language for the Ministry of Environment, the Consejo Nacional de Desarrollo Sostenible (CNDS), and the Governor of the Galapagos. CNDS is a government body with NGO and private sector representation charged with organizing the GOE's recommendation for reforms in the environmental sector.

¶10. (SBU) Comment. Post is carefully reviewing USG policy benefits of assistance in the high profile and sensitive work of the Constituent Assembly to ensure that USG support focuses on constructive areas of convergence, avoids the risks of politicization or being misconstrued as an attempt to inappropriately influence Ecuador's political process. USAID's current work with the GOE on sensitive policy reforms to date offers an encouraging validation of this approach as the GOE is not only willing to receive help, but are actively seeking it as well in several sectors. End Comment.